

3. The salaries, wages, and benefits of persons performing nursing services including salaries of the director of nursing and assistant director of nursing, supervising nurses, medical records personnel, registered professional nurses, licensed practical nurses, nurses aides, orderlies, and attendants;
 4. The salaries or fees of medical directors, physicians, or other professionals performing consulting services on medical care which are not reimbursed separately; and
 5. The costs of travel necessary for training programs for nursing personnel required to maintain licensure, certification, or professional standards. Nurse aide training cost billable to the program as an administrative cost are to be adjusted out of allowable cost.
- B. ALL OTHER COSTS. Costs reported in the All Other Cost category include three major cost centers as reported on the annual cost report: Other Care-Related Costs, Other Operating Costs, Indirect Ancillary Costs, and Capital Costs.

1. Other Care-Related Costs. These costs will be reported in the other care-related services cost category:
 - a. Raw food costs, not including preparation;
 - b. direct costs of other care-related services, such as social services and patient activities;
 - c. the salaries, wages and benefits of activities' directors and aides, social workers and aides, and other care-related personnel including salaries or fees of professionals performing consultation services in these areas which are not reimbursed separately under the program;
 - d. the costs of training including the cost of lodging and meals to meet the requirements of laws or rules for keeping an employee's salary, status, or position, or to maintain or update skills needed in performing the employee's present duties; and

2. Other Operating Costs. The costs in this category shall include the supplies, purchased services, salaries, wages and benefits for:

a. Dietary Services

b. Laundry services including the laundering of personal clothing which is the normal wearing apparel in the facility. The cost of dry cleaning personal clothing, even though it is the normal wearing apparel in the facility, is excluded as an allowable cost. Providers shall launder institutional gowns, robes and personal clothing which is the normal wearing apparel in the facility without charge to recipients. The recipient or responsible party may at their discretion make other arrangements for the laundering of personal clothing.

- c. Housekeeping
- d. Plant Operation and Maintenance
- e. General and Administrative Services

3. Capital Costs. The costs in this category shall include:

- a. Depreciation on building and fixtures
- b. Depreciation on equipment
- c. Capital related interest expense
- d. Rent

4. Indirect Ancillary Costs. Indirect ancillary costs are those costs associated with ancillary departments (including fringe benefits) other than those costs listed under Section 103.

103. ANCILLARY SERVICES

- A. ANCILLARY SERVICES. Ancillary services are those for which a separate charge is customarily made and are designated for purposes of this payment system as being limited to the following:

Physical therapy

Occupational therapy

Speech therapy

Laboratory procedures

~~X-ray~~

Oxygen and other related oxygen supplies Respiratory therapy (excluding the routine administration of oxygen)

Reimbursement for ancillary services shall be made on the basis of reasonable, allowable direct costs of the services.

NOTE: Effective October 1, 1990, drugs for residents in Nursing Facilities shall be reimbursed through the pharmacy program.

B. Oxygen concentrator limitations. Effective October 1, 1991, the allowable cost of oxygen concentrator rentals shall be limited as follows:

1. A facility may assign a separate concentrator to any resident who has needed oxygen during the prior or current month and for whom there is a doctor's standing order for oxygen. For the charge by an outside supplier to be considered as an allowable cost, the charge shall be based upon actual usage. A minimum charge by an outside supplier is allowable if this charge does not exceed twenty-five percent (25%) of the Medicare Part B maximum. The minimum charge is allowable if the concentrator is used less than an average of two (2) hours per day during the entire month (for example, less than 60 hours during a thirty (30) day month). The maximum allowable charge by the outside supplier shall not exceed one hundred per cent (100%) of the Medicare Part B maximum. For the maximum charge to a facility to be considered as the allowable cost, the concentrator shall have been used on average for a period of at least eight (8) hours per day for the entire month (for example, 240 hours during a thirty (30) day month). In those cases where the usage exceeds that necessary for the minimum

charge and is less than the usage required for the maximum charge, the reimbursable shall be computed by dividing the hours of usage by 240 and then multiplying the result of this division by the Medicare Part B maximum charge (for example, if a concentrator is used 220 hours during a thirty (30) day month and the maximum Part B allowable charge is \$250.00; then the allowable charge is computed by dividing the 220 hours by 240 hours and then multiplying the product of this division by \$250.00 to obtain the allowable charge of \$229.17). Allowable oxygen costs outlined in this paragraph shall be considered to be ancillary costs.

2. A facility shall be limited to one (1) standby oxygen concentrator for each nurses' station. The Program may grant waivers of this limit. This expense shall be considered as a routine nursing expense for any month in which there is no actual use of the equipment. The allowable cost for standby oxygen concentrators shall be limited to twenty-five percent (25%) of the maximum allowable payment under Medicare Part B for in home use.

104. INFLATION FACTOR

The inflation factor index to be used in the determination of the prospective rate shall be established by the Program. The index shall be based on Data Resources, Inc., forecasting. The index represents an average inflation rate for the year and shall have general applicability to all facilities.

The inflation factor shall be applied to nursing services costs and all other costs excluding capital costs.

BASIC INTERMEDIATE CARE
COST INCENTIVE AND INVESTMENT FACTOR SCHEDULE

| BASIC PER DIEM COST | INVESTMENT FACTOR PER DIEM AMOUNT | INCENTIVE FACTOR PER DIEM AMOUNT |
|---------------------------|---|--|
| \$40.99 & Below | \$.92 | \$.58 |
| \$41.00 - \$41.99 | .86 | .50 |
| \$42.00 - \$42.99 | .78 | .41 |
| \$43.00 - \$43.99 | .70 | .32 |
| \$44.00 - \$44.99 | .61 | .21 |
| \$45.00 - \$45.99 | .51 | .09 |
| \$46.00 - Maximum* | .35 | - |

Maximum Payment Set at 102% of Median

*Total rate cannot exceed maximum

SKILLED NURSING FACILITIES
COST INCENTIVE AND INVESTMENT FACTOR SCHEDULE

| BASIC PER DIEM COST | INVESTMENT FACTOR PER DIEM AMOUNT | INCENTIVE FACTOR PER DIEM AMOUNT |
|---------------------------|---|--|
| \$59.99 & Below | \$.92 | \$.58 |
| \$60.00 - \$61.99 | .86 | .50 |
| \$62.00 - \$63.99 | .78 | .41 |
| \$64.00 - \$65.99 | .70 | .32 |
| \$66.00 - \$67.99 | .61 | .21 |
| \$68.00 - \$69.99 | .51 | .09 |
| \$70.00 - Maximum* | .35 | - |

Maximum Payment Set at 102% of Median of
Freestanding Facilities**

* Total rate cannot exceed maximum

** Maximum for hospital based facilities is 125% of the maximum
for freestanding facilities.